A/AC.172/1996/CRP.3
8 August 1996

ORIGINAL: ENGLISH

COMMITTEE ON CONFERENCES
Substantive session
19-23 August 1996
Agenda item 2 (b) (iv)

CALENDAR OF CONFERENCES AND MEETINGS: COST ACCOUNTING SYSTEM FOR CONFERENCE SERVICES

Note by the Secretariat

1. In the comprehensive study on conference services carried out in 1994 at the request of the General Assembly (A/C.5/49/34), the availability of better cost information on meetings and documentation was identified as a requirement for more effective management of conference-servicing resources. The study concluded that more accurate information on the cost of different modes of work and different workflows, and on the effects of the addition or removal of work, was needed to give a more complete picture of the total costs involved, to improve budgeting for conference services and to identify opportunities to reduce costs by eliminating work or removing work from conference-servicing processes. As suggested by the Committee on Conferences in its report on its 1994 substantive session, the final report on the comprehensive study recommended that a cost-accounting system be developed to provide better information on the real costs of conference servicing.

2. Later that year the General Assembly, in its resolution 49/221 C of 23 December 1994, endorsed the findings and conclusions of the comprehensive study and, inter alia, requested the Secretary-General, in the context of the proposed programme budget for 1996-1997, to include better cost information on meetings and documentation. The Committee on Conferences returned to the matter in 1995, when it requested the Secretariat to develop as soon as possible a cost-accounting system for conference services. The General Assembly incorporated the Committee's position in its resolution 50/206 D of 23 December 1995, in which it requested the Secretary-General to develop as soon as possible a comprehensive and accurate cost-accounting system for conference services.

3. Over the past 18 months, separate cost-analysis exercises have been undertaken or are being planned in various conference-servicing areas. Specifically, in connection with external and internal audits, cost comparisons have been made for different translation modalities: by in-house staff, by local and non-local temporary staff and by contractors. In the context of the current efficiency review, the cost of temporary assistance for various language and non-language functions has been analysed, and the cost of processing documentation outside regular working hours has been calculated more accurately. In compliance with section III of General Assembly resolution 49/237 of 31 March 1995, a comparative analysis of the use of internal and external facilities to meet the printing requirements of the Organization at New York and Geneva has been planned; the terms of reference for this study have been developed and external experts have been identified to carry it out. In addition, the notional costs of conference services, by unit of output, have been updated and publicized in relation with the active dialogue Conference Services has been maintaining with committee secretariats as directed by the Committee on Conferences.

4. However, progress in the development of a comprehensive cost-accounting system for conference services has unfortunately been slow. At the time the recommendations of the study of conference services were endorsed by the General Assembly, it had been intended to entrust the task of developing the system to a specialized external consultant. This course of action was initially precluded by the measures adopted in 1995 to address the financial situation, which required the suspension of all immediate cash expenditures. Alternative sources of financing for external consultant services are being investigated.

5. An audit of selected conference-servicing operations by the Panel of External Auditors in late 1995 afforded another opportunity to try to make progress on this issue. The external auditors were requested to develop guidelines for more accurate cost accounting in conference services. Time constraints and the demands of the regular audit only allowed the auditors to engage in a simplified ex post facto calculation of conference-servicing unit costs, based on actual expenditure and output over an earlier period. This kind of exercise had already been carried out by Conference Services in connection with the preparation of the synoptic table by sector of meetings held in 1992-1993 and 1994-1995, requested by the Committee on Conferences in 1994 and considered by it in 1995. Although useful to show how costs are distributed among United Nations organs or groups of organs, and among conference-servicing functions, it was not considered accurate or detailed enough to address the needs identified in the comprehensive study.

6. Early in 1996, in the context of the efficiency review being carried out throughout the Organization, Conference Services approached the secretariat of the Efficiency Board to seek assistance for the development of the recommended cost-accounting system. As a result, Conference Services managers have been in contact with experts in public-sector reform provided by Member States and discussions have begun on ways to address the issue, including the possible use of a full or partial quota and chargeback system for conference-servicing costs.

7. On the other hand, more detailed calculations of conference-servicing costs have been undertaken at other United Nations offices, and in specialized

agencies of the United Nations system, in connection with current or proposed charge-back or cost-sharing schemes. In the United Nations Office at Vienna, the Organization provides interpretation services to the International Atomic Energy Agency (IAEA) and the United Nations Industrial Development Organization (UNIDO) and documentation services to UNIDO, and is reimbursed for them by those agencies. A variety of costing techniques are used for different functions.

8. At the United Nations Office at Nairobi (UNON), consideration is being given to the possibility of shifting the budgeting of conference services to a "self-financing" basis, that is, to a system under which their costs would be covered by payments made by users of the services. Fees for conference services would be set for cost recovery, or made to match market prices, thus ensuring that they remain competitive. In related studies, UNON has calculated the costs of its services using a meeting-day as unit for meeting servicing (including interpretation) and a 330-word page for documentation. Again, the calculations were based on actual expenditures in 1995 divided by total number of output units.

9. At the 1996 Inter-Agency Meeting on Language Arrangements, Documentation and Publications, held at Geneva in June, the use of quota or charge-back systems to cover conference-servicing costs was an item on the agenda. Two specialized agencies - the World Bank and the United Nations Educational, Scientific and Cultural Organization (UNESCO) - reported on their experience with such systems.

10. At the World Bank, all services are charged to user units except interpretation for executive and legislative bodies. User units are given dollar budgets (instead of posts and other resources) and can decide what resources they will devote to conference services and to other items. They are also free to purchase conference services directly on the market, thus forcing the Bank's internal services to compete in terms of rates and of quality. UNESCO employs a quota system for its document-processing operations which covers all the material it produces except documentation for its meetings and conferences. Author units are assigned page quotas based on their work plans and discussed with the processing services. Any material in excess of the quota can be processed by the documentation services subject to payment of a unit fee, or can be processed externally at the unit's expense.

11. Conference Services is hopeful that, either with or without the assistance of external accounting specialists, more accurate cost information on conference-servicing functions will be developed by making use of the help of the Efficiency Board secretariat and the studies carried out at other offices and agencies.